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Hospitality Restaurant Institutional Food Service (HRI) in Bulgaria

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Report Highlights:

This report contains information about Bulgaria's Hospitality, Restaurant, and Institutional (HRI) food service industry. It provides an overview of market opportunities and key channels of distribution for U.S. food and beverage products destined for the food service market in Bulgaria.

General Information:

Macroeconomic Situation

Since the end of 2008 Bulgaria has felt the effects of the global economy slow-down when industrial exports began to decrease. In 2009 the effect of the economic crisis spread to all sectors. During the period of 2010-2014 the Government adopted austerity measures to deal with high fiscal deficits. Stagnation of public wages, rising unemployment, persistent issues with pensions, and the education and health sectors, as well as a lack of economic structural reforms, continued reductions in social benefits, steadily rising energy and food costs and taxes have all led to growing social tensions. The current center-right government has successfully held to an IMF-backed tight fiscal policy. The currency, the Bulgarian Lev, is pegged to the Euro at just under 2-to-1 by the Currency Board. The Government prides itself on its fiscal discipline, continued low taxes, and incremental successes at increasing revenue collection. However, due to the current unstable political situation, economic recession, and frequent social protests, the Cabinet decided to borrow money on the international market and to use these new funds for more social support despite the risk of reaching critical budget deficit levels.

Bulgaria is increasingly integrated with the rest of the EU economy, but it remains the poorest member, with an average per capita GDP (PPP) of U.S. \$16,324 in 2014 (World Bank estimate). Bulgaria's corporate and income taxes of 10 percent are the lowest in the EU. The value-added tax rate is 20 percent.

Table 1. Main Economic Indicators Bulgaria and Eastern European Countries, 2014

Main Economic Indicators Bulgaria and Eastern European Countries, 2014			
	GDP p.c. in PPP (US\$)	Population	GDP (current in million US\$)
Bulgaria	16,324	7,246,000	55,735
Romania	19,402	19,947, 000	199,843
Serbia	12,660	7,146, 000	43,866
Croatia	21,252	4,246, 000	57,226
Hungary	24,499	9,877, 000	137,104
Greece	26,099	10,926, 000	237,592
USA	54,630	322,047,000	17,419,000

Source: World Bank; U.S. Census Bureau

The grey economy has grown significantly, creating new challenges for the government and has become a serious issue for the HRI sector as well. Bulgaria is a leader among 31 European countries in terms of grey economy share, 31 % in 2014 (estimated at U.S. \$17.3 billion). Since entry into the EU this index has been around 32-33% compared to the EU average of 18.3% (2014 data), but has slowly declined over the last two years. Persistent Ministry of Finance policies aimed at improving VAT collection, income declaration, and revenue collection has brought improvement and the scale of the grey economy is expected to shrink further in the future.

In 2014 the economic environment slightly improved and moderate growth is expected in the future. Real GDP growth in 2014 was estimated at 1.5% with the prospects for some acceleration to 2.0-2.4% in 2015 and 3% annual average 2016-2019 as labor and credit market rebound (source: Economic Intelligence Unit/EIU).

Demographic Trends

Bulgaria's population in December 2014 was 7.2 million. It has been declining since 1985 when the census then recorded 8.9 million, a decline of 19% over 29 years.

The share of population aged 65+ has been increasing. As of 2014 it was 20% compared to 14% in 1992; the age group of 15-64 was at 66.1% and the share of the age group 0-15 reduced from 19% to 13.9% for the same period. These changes were a result mainly of lower birth rates but also of emigration. Official data shows that for the period 2009-2014, the persistent economic difficulties led to about 20,000 people of working age leaving the country annually every year.

In 2014 the total working population reached 2.17 million, of which 1.63 million worked in the private sector and 0.54 million in the public sector. Unemployment remains high despite a decrease from 13% in 2013 to 11.4%, according to the Bulgarian National Statistical Institute (NSI). Bulgaria's unemployment rate for the younger population is high but labor costs in Bulgaria are relatively low. The country has a growing cadre of young professionals skilled in technology, customer service, and foreign languages.

The forecast for the period 2015-2019 shows that the decline in population will likely continue at a slower rate and that the total population will be slightly over 7.0 million by 2019. The share of age group 65+ is expected to be about 20%; age group 15-64 – 65% and the share of group 0-14 is likely to increase to 15%.

The above changes predetermine several trends for the HRI sector for the future: the older population will likely have more frequent visits to cafes, full-service restaurants and cafeterias vs fewer visits to bars; they may tend to eat closer to home and at smaller outlets; and the orientation towards healthier foods will increase.

Tourism Industry

Bulgaria has very good tourist potential due to availability of both beaches (Black Sea) and mountain/ski resorts, as well as a high density and quality of mineral springs for Spa resorts, as well as a rich history and well preserved traditions in rural areas. In a recent survey (FAST Market Research), annual growth of tourists was projected to be 4-5% for 2015-2018. In 2010-2014 the number of tourists grew steadily from 8.4 million to 9.4 million, some 12%, 5.4 million tourists (57%) came from EU countries. The highest number of tourists come from the following EU countries: Romania (1.44 million), Greece (1.1 million), Germany (0.9 million), UK (0.26 million), Poland (0.28 million); as well as from Turkey (1.1 million); Russia (0.67 million), Macedonia, Serbia and Ukraine (each averaging 0.4 million).

In 2014 and in the first six months of 2015, the number of tourists from Russia and Ukraine declined due to regional tensions and the Russian trade embargo. Ukrainian tourists were down by 8.2% and Russian by 3.2%. On the other hand, the number of Turkish tourists in winter resorts grew by 30% after a relaxation of rules to issue of tourists visas. The authorities expect the nation-wide increase in tourist flow to reach 10% in 2015, 5% more for tourists in the winter season alone, and over 5% for those from Turkey and Greece.

Usually, the peak season for tourist visits is from May to October. There is high seasonality with peak summer months' visits 5-6 times higher when compared to the bottom winter months. To eliminate this fluctuation, the Cabinet is trying to publicize the country as a year-round tourist destination with a focus on cultural/historic tourist routes and mountain tourism, as well as alternative tourism. Another policy is to relax visa requirements for tourists from non-EU countries.

Currently, most consumers from the EU consider Bulgaria as a cheap tourist destination with low/medium quality of food/service. The entire tourist industry suffers from this image. HRI

professional organizations and sector players have made efforts to change this perception to boost the quality of tourists.

Table 2. Tourist Visits to Bulgaria 2011-2014

Tourist Visits to Bulgaria 2011-2014 (millions)				
	2011	2012	2013	2014
Total number of foreign visits	8.713	8.866	9.192	9.4
From the EU	5.540	5.351	5.363	5.4
Turkey	0.860	0.984	1.053	1.09
Serbia	0.365	0.396	0.429	0.45
Macedonia	0.440	0.424	0.428	0.44
Russia	0.470	0.609	0.696	0.666
Ukraine	0.252	0.326	0.379	0.341

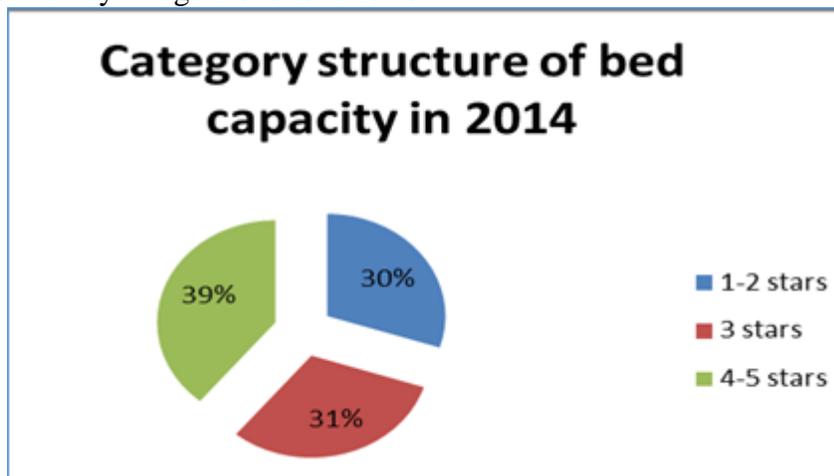
Source: Bulgarian National Statistical Institute

Hospitality Industry

In the hotel category in Bulgaria, those of middle and high class (3, 4, and 5 stars) dominate in terms of number of beds with about 70%, as compared to the lower level segment (1 and 2 stars). 1-2 star hotels still dominate in terms of number of establishments (about 52%).

Foreign business clients mostly trust international brands and choose hotels located in city centers with quality rooms and adequate services. The branding and brand related services are of great importance. Overall there is an oversupply of hotel beds and the difference of quality between hotels can vary greatly.

The categorization of accommodation establishments provides information about the quality of the hotel category structure. Bulgaria has a centralized state system for categorization of accommodation establishments including facilities of the star type. According to the Bulgarian National Statistical Institute, the distribution by categories is as follows:



It can be clearly seen that 31% of the establishments are of the higher scale (4 -5 stars), which is mainly due to the hotels in Sofia and on the Black Sea resorts. The share of the middle class (3 stars) and the lower segment (1-2 stars) establishments have almost equal share.

According to the latest research, Sofia and Budapest are the cities with the lowest room rates in the European Union (EU). Bulgaria has the lowest minimum salary rates in the EU, the lowest construction costs, and considerably favorable energy costs. In spite of the many challenges, it is a fact that hotels

can survive and even make a profit.

Infrastructure

Currently there are five operational civil airports in Bulgaria – Sofia, Varna, Bourgas, Plovdiv and Gorna Oryahovitsa. The leading airport is Sofia's, handling more than 3 million passengers a year (approximately 3.5 million in 2014), operating more than 42,000 flights, and handling 17,000 tons of cargo.

The total length of the country's road network is approximately 40,000 km. Road transportation across most of the country relies primarily on two-lane roads. Railways cover 4,152 km. Bulgaria has well-developed and constantly improving infrastructure: 6 highways, 230 railway stations, 4 international airports, 2 seaports on the Black Sea, and numerous ports on the Danube river. According to data from the Ministry of Regional Development and Public Works, priority road infrastructure projects in Bulgaria until 2020 include construction of 695 km of motorways (Trakia, Maritsa, Struma, Sofia-Kalotina, Hemus and Black Sea motorways and construction/rehabilitation of 914 km of speedways, two new bridges over the Danube river and the construction of the Shipka Tunnel). Five Pan-European corridors cross the country, linking Northern Europe with the Middle East and North Africa.

Both sea and river routes – the Black Sea and the Danube River – offer reliable shipping transportation to and from the country. The largest Bulgarian seaports are Burgas and Varna on the Black Sea coast. Varna mainly handles containers, grain and bulk goods, while Burgas mainly deals with crude oil and some bulk commodities. A ferry connection from Varna to Odessa (Ukraine), Kavkaz (Russia) and Poti (Georgia) facilitate the transport of goods between the countries. The Danube River is navigable during most of the year and supports inland water transport. With the Rhine-Main-Danube canal in use since 1992, Bulgaria has access to large European ports on the North Sea. The main Bulgarian ports on the Danube River are Ruse, Lom and Vidin.

Dining Culture

Bulgarians like dining out and on average it is something between a regular habit and a special occasion, depending on disposable income. Over the last several years, the slow-down in income growth made visits to foodservice outlets less frequent and more related to special occasions.

The latest dining surveys show that about 70% of people go out to some HRI outlets twice a week and about 20% do this every day.

Lunch and dinner are the most preferred meals for dining out. Full meals strongly dominate over snacking as a food option. Dinner is the most popular eating time out followed by lunch and very little dining out for breakfast. Breaks in-between breakfast and lunch, or lunch and dinner, or after dinner are increasingly popular.

Breakfast is usually eaten at home but many also buy local specialty bakery products from street kiosks and institutional cafeteria and eat them on the run, or after arriving at work. Bakery products are the preferred breakfast for 75% of Bulgarians.

Solo dining is very rare, the most popular is dining out with families and in groups since it is considered part of social communication. Café, pubs and street kiosks are very popular since visits there are also part of socializing.

Full-service restaurants are visited not only because of the food but for the experience of dining out.

About two-thirds of customer expenses in this sub-sector are spent on drinks. This is related to the relatively affordable alcohol prices at restaurants as compared to the food cost and to the fact that often customers celebrate special occasions and traditionally include some alcohol. (See Table.8)

In the quick service sub-sector burger type sales bring the most value in sales. Customers like burgers and sandwiches due to their affordable price and quick availability.

Drive through service is not a popular option. Most people prefer either dining out or home deliveries. Food deliveries to offices and homes also have gained in popularity due to lack of time for eating out or cooking.

Home cooking is an important part of the Bulgarian dining culture. Bulgarians like cooking at home more than consumers in Western Europe (measured by frequency, quantity and ingredients). The average Bulgarian cooks at home 5 times a week and makes 1.7 meals per a cooking session. Home cooking is an important part of social culture. Every day or almost every day cooking is performed by 61% of women and by 39% of men. Home meal deliveries are popular in 4-5 bigger cities where delivery time is equal to meal cooking time, while home cooking still remains dominant in smaller towns. The latest nationwide representative survey (Ipsos Bulgaria, 2014) shows that 87% of people cook at home.

This same nationwide representative survey shows that half of respondents, age group 15-69, make regular efforts to have a healthier food/eating style. Two thirds of interviewees think that healthy foods mean organic products. Women are more health-oriented (69%) as compared to men (47%); better educated people and those with higher incomes are more health conscious. Teenagers are not part of this health conscious group and are less concerned about healthy foods. Healthy eating means vegetarian food for 30% of 60-69 years old, and for only 5% of teenagers. Organic products are also firmly associated with more expensive, costly foods. People who often buy organic products (3-4 times a week or more) are only 6% of consumers; 51% of people do not buy any organic products at all. Although these results explain why organic products are not yet popular in the foodservice sector (with the exception of a few cafes in the bigger cities), the trend demonstrates the growing attitude to pay more attention to healthier but affordable foods.

Local consumers have high preference for coffee vs. tea although specialist coffee shops offer a selection of branded teas. For alcohol drinks, the most popular is beer but it is closely followed by wine and distilled spirits.

HRI Sector Overview

The Hospitality, Restaurant, and Institutional food (HRI) sector in Bulgaria is a relatively new industry which emerged after the privatization and market reforms in the mid-1990s that developed after 2000. This is still a young industry with no long professional traditions, especially in the area of high value services. The sector developed dynamically in the period 2007-2012 in parallel with the economic growth of that period. The development of tourism and of shopping malls considerably contributed to the growth.

In 2012-2014 Bulgaria was hit by economic recession and increased unemployment. New regulations such as a smoking ban (June 2012) also came into play and hit the sector. In 2013 the country saw lengthy and mass political protests which took several months starting from June and ending with the winter which strongly affected certain HRI sub-sectors. Unemployment increased, consumer stagnated, companies restricted expenses, and this led to stagnation in HRI sector value growth. Tourists visiting the country tried to limit expenses and chose less expensive packages, often all-inclusive, thus increasing the competition for every client's wallet. The economic slowdown led to more consumer income spent in retail vs. HRI, and there was less demand for within HRI full-service restaurants vs. fast food options. Consumers also switched to cheaper options when selecting meals/services at HRI outlets.

2014 was also challenging for the food service industry due to a combination of several factors: an

unstable political situation and early elections (October 2014); shaky regional developments (Russia/Ukraine conflict) which affected tourism; the collapse of the 4th largest commercial bank in the country, and unusually long, cool and rainy weather which resulted in floods and also affected tourism and customers' spending.

A nationwide representative survey carried out in 2014 (Omnibus for age group 15-69, Ipsos Bulgaria, source: Regal magazine) shows that cafes and cafeterias were the most frequently visited spots, followed by confectionary/sweet specialist shops and full-service restaurants. Half of young customers visit quick service food outlets, and one third of them visit bars and night/dance clubs. 25% of regular visitors of cafes and 19% of regular visitors of cafeterias reported less frequent visit to these outlets mainly due to limitations in their disposable income. 46% of regular visitors of full service restaurants and 52% of those at bars reported no change in the frequency of their visits while 44% and 36% of regular visitors of these two categories, reported less frequent visits.

Although at the time of writing of this report there is no hard data about 2015 HRI sector performance, FAS/Sofia trade interviews and market reports indicate stabilization and the emergence of some revitalization in the sector. According to early data, holiday customer expenses increased by 10% or about 4.4 billion leva (U.S. \$2.6 billion) total when compared to an year earlier (source: National Revenue Agency).

In 2015 the HRI sector had to respond to new EU food labeling rules introduced on December 13, 2014. The Bulgarian Food Safety Agency undertook a soft approach and foodservice outlets were not penalized for not strictly observing the new rules (for example, about allergens in food served), until February 1, 2015. After that fines were imposed for violations.

Bulgaria has 35,776 HRI outlets. The industry employs 137,000 people with a turnover of 3.6 billion leva (U.S. \$2.12 billion) in 2014 (source: Euromonitor). Since 2000, the number of outlets grew by 20% starting from 29,700. Higher purchasing generated growth and expansion in the industry for the period 2000-2008. The number of outlets is the highest in the South West part of the country, followed by the South East and South Central regions. (See Table. 3)

For the period 2008-2013 growth slowed significantly due to recession with just a 5% increase in disposable incomes and 2% reduction in the number of outlets. A sharp rise in unemployment for a short period of time was an economic and psychological shock for many and had a strong effect on customers' behavior. In 2013 household consumption contracted by 2.9% for the first time after 2009. Consumers reduced the visits to foodservice outlets on the expense of at-home consumption in parallel with higher spending at retail level in both years. In 2012 and 2013, the HRI sector faced two consecutive contractions due to political instability, economic stagnation, higher unemployment and the full indoor smoking ban.

2016 is likely to be the turning point and a return to stabilization and growth again as trade forecasts predict that the number of HRI outlets will be stable at 35,000-36,000 in 2016 and 2017 while value sales are projected to grow to around 4.0 billion leva (U.S. \$2.33 billion) by 2017 and 4.1 billion leva by 2018 (U.S. \$2.42 billion).

The role of disposable income will be critical for the development of the industry in the medium term due to expectations of negative demographic trends. In addition, the inflow of tourists and related to this infrastructure will play an increasingly significant role for the HRI industry.

Table 3. HRI Sector Indicators – Outlets, Transactions and Value Sales 2008-2018

HRI Sector Indicators – Outlets, Transactions and Value Sales 2008-2018				
Years	HRI Outlets Units (in numbers)	Transactions (in millions)	Value Sales (in million Bulgarian	Value Sales (in in million U.S.\$)

			leva)	
2008	36,454	466.1	3,536.7	2,080.41
2009	36,594	461.7	3,657.5	2,151.47
2010	36,615	463.3	3,676.8	2,162.82
2011	36,366	459.2	3,671.8	2,159.88
2012	36,038	463.9	3,288.0	1,934.12
2013	35,705	455.3	3,155.8	1,856.35
2014	35,776	483.3	3,627.7	2,133.94
2015 F	35,934	501.5	3,660.8	2,153.41
2016 F	36,098	521.3	3,810.9	2,241.71
2017 F	36,206	538.8	3,957.5	2,327.94
2018 F	36,308	559.5	4,112.9	2,419.35

Source: Euromonitor

Foodservice vs Retail Food Sales

The foodservice channel accounts for a 15% average market share in sales of eight major food categories (alcohol, confectionary/sweets, salty snacks, coffee, cacao drinks, soft drinks, bottled water). In 2012 and 2013, however, the foodservice share in total sales dropped by 1% in volume and 3% in value. At the same time, retail sales for home consumption showed the opposite trends. As of February 2014 the retail channel share was 85% in volume sales and 70% in value sales. Over the last two years consumption of alcohol, beer and soft drink moved more towards home consumption while that of coffee migrates from home to foodservice consumption. The latest data for the period 2012 - 2014 shows that foodservice sales declined by 10% in volume and 12% in value for 2012 – 2013, and by another 9% and 12%, respectively for 2013 - 2014. (source: Nielsen Bulgaria, Regal magazine August 2014).

Table 4. Foodservice Market Share in Sales of Select Foods 2012-2014

Foodservice Market Share in Sales of Select Foods 2012-2014				
	2012		2014	
	Volume	Value	Volume	Value
Alcohol	28%	44%	23%	39%
Confectionary/Sweets	8%	3%	8%	3%
Salty snacks	4%	4%	4%	4%
Coffee	16%	49%	18%	53%
Cacao drinks	17%	33%	18%	33%
Soft drinks	18%	48%	16%	43%
Beer	22%	37%	18%	31%
Bottled water	18%	44%	18%	43%

Source: Regal magazine, 2014

SUB-SECTORS PROFILES

Full-Service Restaurants (See Table. 9)

In 2013 full-service restaurants saw revenues drop by 3% to 1.57 billion leva (US \$924 million). A major reason for the decline is estimated to be the full indoor smoking ban. Smokers gradually have adjusted to the ban but the full-service indoor restaurants could not make modifications such as outside heating devices like many cafés. As a result, the full-service restaurants were the most affected by the ban. European type restaurants performed better and their sales declined by only 1%. They benefitted the most from a 9.2 million record high tourist flow and because they have a broad customer base that include the high income group. Higher-end outlets are a large part of the category. In 2013 full-service restaurants introduced lunch menus, especially those which are near to business and administrative areas. Another trend was the introduction of delivery services, and as of today over 90% of home deliveries are carried by full-service restaurants.

Independent players still account for 92% of sales. The chains Happy Bar&Grill (5% market share in value sales) and OMV Viva (3%) are the leading brands. Victoria restaurants ranked 3rd (slightly below a 1% share). Among independent companies, pizza restaurants remain most visible brands (smaller chains Don Domat/9 outlets, DonVito/7 outlets, Verdi/7 outlets, Djikov/6 outlets, Mama Mia, Mr. Pizza). Some of these chains try to expand via franchising (Don Domat, Verdi, Mamma Mia).

Quick Service (See Table. 10)

In 2014 quick service restaurants' revenues dropped 3%. The main reason was the economic challenges (loss of jobs) for the target clients - young people in the 15-35 age group. The best performing was the Middle Eastern quick service food category which registered more than 30% growth in sales, generated by Aladin Foods. Chicken quick service foods followed with 9% growth in sales, generated by KFC. Other leading brands in the quick service food sector are the chains Fornetti (19% market share) and McDonald's (18% market share). Chains account for 58% of category sales.

Consumers like quick service food perceiving it as affordable and tasty. In addition quick service foods are prevailing in the shopping centers which have been increasingly popular. Burger quick service food remains the most popular format. On the other hand, recent orientation towards healthier food and concerns related to hygiene and weight loss increased the demand for meals vs. quick service food and snacks, especially for lunch. Numerous environmental groups of mainly young people became more influential through social media and raised issues such as animal care, promoting a vegetarian/vegan diet, and generally greener lifestyle. Quick service food players respond by introducing higher variety of salads and fruits, low calorie menus, and/or higher quality and new ingredients.

Similar to full-service restaurants, quick service food leaders also introduced home deliveries (KFC, Subway, Aladin Foods), mainly via platforms such as BG Menu.

Café/Bars (See Table. 11)

Café/Bars has the highest number of outlets, accounting for one third of all HRI outlets. The category has the largest customer base of age 18 and above. Cafés are the most popular and their customers include younger people, and the retired. Specialist coffee shops attract the age group 18-45 and are very trendy. Eat-in is typical. Bulgarian local culture has deep roots in spending time over a cup of coffee or another drink, accompanied by food, which translates well to these kinds of operations.

Café/bars revenues dropped 2% in 2014. The main driver behind the decline was the indoor smoking ban although the effect was smaller on bars than it was for the full service restaurants. The industry response was expanded outdoor seating and added heating devices. The best performing subsector was the specialist coffee shops with 7% higher revenue. The second highest growth was seen with juice and

smoothie bars although their market share is tiny at 1%, however, they attract health conscious and non-smokers customers. Many bars now include smoothies on their menus. In general, 7% of sales in this category come from food (salads, sandwiches, appetizers, soups, desserts); 20% of these outlets are estimated to serve drinks only. The leading brands are Nedelia and Costa Coffee. McCafe saw the biggest increase in sales (28%) while Onda had the steepest decline (20%) in 2014.

Self-service cafeterias (See Table. 12)

This category saw the steepest decline of 8% in 2014. Usually, self-service cafeterias target working younger people working at industries/administration/support services with wages below or around the average for the country. Due to higher unemployment in this age group since the economic crisis, self-service cafeterias decided to also attract pensioners offering discounts after work hours.

The prices at self-service cafeterias increased substantially in 2014 and became double the industry average. This made self-service cafeterias less competitive compared to other categories (quick service food and full service restaurants). There is one clear leader, local BMS Bulgarska Kyuhnia (6% market share), followed by K-Express and, Trops House. BMS Bulgarska Kuhniya has progressed well in 2013/2014 due to choosing prime retail/shopping locations at malls. The opening of Saray restaurant, a Middle Eastern cuisine for low/middle income clients, was the news of 2013. Self-service cafeterias try to optimize their cost and have smaller outlets with lower number of seating places.

Street kiosks (See Table. 12)

This category is traditional, dominated by independent players (98% of sales), and in 2014 it registered a 5% drop in sales. Street kiosks offer a wide variety of snacks, hot dogs, pizza, sandwiches, pancakes, coffee, steamed corn, popcorn, ice cream, cotton candy, candy apples, nuts, sunflower and pumpkin seeds, and dried fruits. The assortment of foods has changed from more traditional hot dogs and pizza to healthier alternatives such as nuts, corn, pumpkin and various seeds. Sales are seasonal and pick up in summer months and around holidays. Mobile kiosks dominate in the category.

There are two chain brands – Boopa's Hot Dog/36 outlets and Hot Dog Ken/20 outlets. The chain Raffy Bar&Gelato/8 outlets sells Italian style ice cream at prime locations. In 2013/2014 a new chain Lafka emerged and quickly penetrated the market. Although it is designed to sell press/media and tobacco products, the kiosks also sell snacks and coffee, and in some cases ice cream, drinks and beer. Lafka is developed by franchising. The chain plans to have also small shops near transportation locations such as railway and bus stations and airports. As of November 2015, it had 850 kiosks in more than 70 towns. In 2012-2014 the street kiosks had to follow a number of new regulations on food safety and fiscal control. Authorities began to make more regular and mass inspections, especially around holidays.

Catering Service

The Bulgarian catering sector has become increasingly competitive in the past few years with more than 100 companies operating on the market. Catering businesses range from small to large-scale operations and are organized into several categories: Institutional caterers who supply larger factories, government institutions, private companies, and hospitals, airline caterers, hotels, corporate and private parties and events, and local small events caterers. The bigger catering companies do not limit their operations to one category only, but cover a few categories by supplying hospitals, institutions, hotels, and big to medium-size events. Many local caterers, managed by owner-proprietors and family members, provide catering services focused only on clients in some particular geographic areas and special functions such as weddings ceremonies, birthday parties, seminars, etc.

Some of the medium-sized catering businesses usually import through better known and established importers and distributors. The target groups of the larger catering companies in Bulgaria are primarily government organizations, military services, hospitals, and office buildings. These contract-catering companies use mainly local food products and a small quantity of imported products, depending upon their customers' requirements. The percentage of the catering service menus using imported products is rather limited in this case as in general imported food is more expensive than locally produced. The share of imported food such as beef, seafood, nuts, dried fruits, snacks, confectionery products, sauces and seasonings, whiskey, wine, and soft drinks is bigger in catering service menus offered to hotels, airlines, private companies' events and parties, and private events like weddings, birthdays, etc.

The major players in the market are companies such as Deli, VIP Catering, Laura, Cult Gourmet, CD Catering, Arina, Euro Catering, Famous Food, I&G, Liberty Food Service, Matti-D, Red Devil, Party Service, Rene Gourmet, ISP Catering, Lux Catering, as well as companies mainly focused on airline catering such as Alfa Airport Services, Abela, and LCS.

Most of the high end hotels and restaurants such as Hilton, Sheraton, Radisson BLU, Grand Hotel Sofia, Enoteka Uno, Moto, Tabiet, and others provide high level catering services inside and outside of their facilities. Their main advantage is the established well-known and respected brand, which guarantees the high quality of service and food.

Lately some restaurants' Executive Chefs who have proven their high reputation and became popular with a non-standard approach in food preparation (Jun Yoshida – Brasserie, Victor Angelov – Chef's, Andre Tokev – Andre, Ivan Manchev – Cactus) offer food for strictly high-level, gourmet events of 30-50 people. Gavrosh Catering is another niche-oriented caterer specialized only in sweet food for specialized events.

100% Home Delivery (See Table. 7 and 12)

This is the smallest category in the foodservice sector with a market share of 1% and lately is in tough competition with full service restaurants and quick service which have massively developed their delivery services over the last 2-3 years. The channel is still growing and developing and it is expected to take some time before it fully realizes its full potential to effectively serve full range of consumer niches.

Several big name third-party online ordering/delivery services entered the market during 2013 and 2014. In 2014 a significant amount was invested to ensure rapid growth in delivery volumes. According to Euromonitor, Foodpanda, the biggest such service to enter Bulgaria in 2014, invested part of its latest U.S. \$100 million funding round to penetrate the category and develop recognition of its brand. In addition, there is a growing number of independent companies which are expanding into a well-known niche: office catering. With ever larger business areas developing and concentrating the majority of office workers in Bulgaria's largest cities, this has considerably improved the opportunity for smaller players to meet demand for catering among office-based workers.

Domino's Pizza brand is the only chained operator in the 100% home delivery/takeaway sub-sector in Bulgaria, accounting for 18% of total value sales in the category. This is an exceptionally high proportion of total value sales and is indicative of the huge potential that the 100% home delivery/takeaway concept has in large cities in Bulgaria with population over 200,000.

Due to limited resources for advertising, the players rely on the type of cuisine they offer (exotic, Asian, Mexican or health oriented etc.) to draw in customers. Promotion is done online via web portals, social networks, or via aggregating platforms (BG Menu, Amam, Gladen, Foodpanda). However, if such option is used, the players are lost among numerous other full service and quick food choices.

Reportedly, home deliveries directly from outlets dominate while the interest in platforms grows quickly. The market online platform leader BG Menu has reported that their home deliveries doubled in 2014 with 50% growth in active users, and 60%-70% market share in Sofia.

Table 5. HRI Sector Major Brands and Players in Number of Outlets and Market Share, 2013 and 2014

HRI Sector Major Brands and Players in Number of Outlets and Market Share, 2013 and 2014				
Brands	Global Brand Owner	Out-lets	Share as a percent of foodservice value, 2013	Share as a percent of foodservice value, 2014
Fornetti	Fonetti Kft	443	18.7	17.6
McDonald's	McDonald's Corp	37	18.3	17.5
Go Grill	Go Grill OOD	57	0.3	0.4
OMV Viva	OMV Tankstellen AG	92	9.7	10.0
Aladin Foods	Aladin Foods OOD	28	5.6	5.7
Happy Bar&Grill	Happy Ltd.	25	17.2	17.6
Subway	Doctor's Associates Inc.	37	5.2	5.8
KFC	Yum! Brands Inc.	17	5.2	5.3
Nedelia	Nedelia OOD	27	4.9	4.7
Victoria Restaurant	ART 2000 OOD	10	3.1	3.0
Dunkin Donuts	Dunkin' Brands Group	12	2.3	2.4
Costa Coffee	Whitbread Plc	18	1.3	1.4
Burger King	Restaurant Brands International Inc	8	-	1.7
Domino's Pizza	Domino's Pizza Inc.	6	1.3	1.4
BMS Bulgarska Kyuhnia	BMS Group OOD	16	1.1	1.1
Fresh Bar	Fresh Bar OOD	10	-	0.2
Nordsee	Nordsee GmbH	3	1.0	1.0
Trops House	Trops House Ltd.	10	0.9	0.7
Starbucks	Starbucks Corp.	5	0.8	0.9
McCafe	McDonald's Corp	8	18.3	17.5
Onda	God Created Coffee Break Ltd.	5	0.4	0.3
Sladkarnictci Pchela	Pchela 97 OOD	10	0.4	0.4
IKEA	Inter Ikea Systems	1	0.2	0.2

	BV			
Hot Dog KEN	KEN AD	20	0.3	0.3
Boopa's Hot Dog	Citizens Group Partners OOD	36	0.2	0.2
Jimmy's	Roseli EOOD	2+	NA	NA
Coffee Republic	Coffee Republic Trading Ltd.	2+	NA	NA
Flocafe	Vivartia SA	2	0.5	0.3
Chicho Hranko	Vita Foods	NA	NA	NA
Goody's	Vivartia SA	NA	NA	NA
Euromonitor, 2014 data				

SECTION II. Market Opportunities

Advantages and Challenges Facing U.S. Products in Bulgaria

Advantages	Challenges
The expected HRI sector growth trend (see Table 3).	Domestic and intra-EU products supply a high proportion of Bulgarian food and beverages needs.
Bulgaria has a stable currency fixed to the Euro which eases market entry and transshipping.	U.S. exporters must conform to often difficult European standards and regulations.
Food consumption levels in Bulgaria are below average for the EU and have great potential to increase.	Competition in the Bulgarian food market is fierce and many consumers still prefer traditional products. Consumers are price sensitive.
High proportion of the household budget spent on food purchases.	Reduced consumer budget due to price-conscious consumers.
Consumers are receptive to modern and innovative products, although less so than elsewhere in Europe.	High unemployment and economic recession has kept consumers price sensitive.
Bulgarian value good quality food, innovative, healthy and reasonably priced products.	Lower disposable income makes consumers more price sensitive and choosing cheaper alternatives. U.S. suppliers must adapt products and prices to consumers' tastes and expectations.
Growing demand for fast food mainly at lunch time; suppliers may find a niche (soups, fruit juices, sodas, etc.).	Rate of growth in fast food sector may be limited.
Bulgarian like beef but produce tiny quantities and import almost all beef for direct consumption. Increased quota for non-hormone beef imports enlarges market opportunities.	Suppliers must comply with European regulations such as food safety (non-hormone), logistical constraints, and labeling regulations.
U.S. fast food chains, theme restaurants, and the food processing industry are raising demand for	Certain food ingredients are banned or restricted from the market.

food ingredients.	
Popularity of health-oriented lifestyle increases the demand for value added foods and ingredients.	Consumer spending is limited and price sensitive which makes local customers to prefer cheaper local alternatives.

Food Shows

Foodtech : international exhibition of foods, drinks, packaging, machines, and technologies. Since 1995 it's one of the most representative food industry forums in Bulgaria with the attendance of all food industry related professional associations. Major categories: food products; materials, raw materials, consumables for food industry; machinery and equipment for food industry; packaging industry.
Vinaria : international exhibition of vine growing and wine producing. Since 1993 it presents the entire panorama of the vine-growing and wine-making industry. Ranked among the leading exhibitions in the sector in Southeastern Europe.
HORECA : international exhibition of equipment for hotels, restaurants, cafeterias, and commercial facilities. The show provides excellent platform for showcasing manufacturers and suppliers of equipment in HORECA industry.
Date : February 24-28, 2016
Venue : International Fair, Plovdiv

SIHRE – hotel and restaurant equipment
Interfood & Drink - Food, beverage, packaging, machinery, and technology.
Meatmania – meat and meat products.
The World of Milk – milk and dairy products.
Bulpec – bread, bakery, confectionary, raw materials, additives, machinery, equipment, packaging.
Salon de Vin – wines, spirits, and accessories.
Date : November 11-14, 2015.
Venue : Inter Expo Center , Sofia

SECTION III. ROAD MAP FOR MARKET ENTRY

A. ENTRY STRATEGY

Prevailing Business Models and Market Entry Strategies

In general, the HRI sector is highly fragmented and dominated by independent players rather than chains, whose share in terms of outlets is only 2% and 10% of total sector value sales. Chains are more typical for quick service and specialist coffee shops, and in 2013 - 2014 demonstrated better results than the independent players. (See Table. 6)

Franchising is the most successful model in the HRI sector and strongly recommended for new market players. It is practiced both by the international brands and by local companies in various forms although domestic businesses still lag international standards.

Franchising is a safe and cheap option for foreign/multinational chains to enter, operate and expand on the local market. The model guarantees to brand owners a wider brand presence with minimal effort,

and is more convenient for new entrants who are not familiar with local business and administrative practices or with local bureaucracy or red tape. At the same time business owners (usually individuals or small family companies) benefit from the advantages of a proven and working business model. Due to the rather small size of the local market, franchising is a better option when compared to opening a representative office.

According to www.franchising.bg, the model is increasingly popular in many economic sectors and new franchise companies in 2014 numbered 29, with newly opened franchise reached over 400 in total. Most franchisees of foreign brands operate a large number of outlets (one brand per one franchisee - Costa Coffee); in other cases, one franchisee operates outlets for multiple brands (Samex Ltd. is a franchisee of Nordsee, Dunkin Donuts and KFC); or one brand has two franchisee operators - KFC operates through Samex Ltd. and Polish Amrest); it is also possible for the local franchisee partner to run multiple outlets on its own and the others to be run by different individual franchisees (Subway). Subway is often referred as the most successful franchising business. Between 2008 and 2015, the company expanded to 37 outlets. In 2014 the number of sandwiches sold by the company in Bulgaria was 42% higher than the average for the chain in Europe. More outlets are planned to open in 2016. Franchising is especially popular for quick service and specialist coffee shops and lately for street kiosks as well. Examples for specialist coffee shops are many (Starbucks/U.S., Costa Cofée/UK, Onda/Italy, Coffe House and Enjoy Cafe/BG, Coffeheaven/UK, Coffe Republic/UK, McCafe, Flo café/Greece, Yan Coffee Break, Modera Cafe) followed by local specialist chains - confectionary operators Nedelia Ltd and Muffin House Ltd.

Franchising has been increasingly practiced by local players for expansion in the local market or even to neighboring countries. Aladin Foods (Middle Eastern cuisine fast food), Lafka (street kiosks offering snacks and coffee), and Happy Bar&Grill (full service restaurants) are just a few examples that demonstrate the scope and diversity of the model. Most recently, the organic group Gimel announced plans to expand in Romania using this model. The company has a few stores "Health Zone" in bigger cities where 70% of foods is supplied by Gimel own production and the rest comes from other local suppliers or from imports. Gimel requires a certain percentage of their production to be sold by the franchisee, and the model varies from small or medium size stores up to bigger stores with a foodservice corner.

The model does not face any regulatory challenges now. The Association of Franchises in Bulgaria aims to promote this model and organizes various trainings and events to support franchising. It also facilitates contacts between foreign brand owners and potential partners in the country. Please visit <http://bulfra.hit.bg> and <http://www.franchising.bg> for more details.

The two top leaders in quick service chains (McDonald and Viva OMV) entered the market by a different model - through local subsidiaries. After establishing a good network in the country, the operation and further expansion of the outlets is done by development licensees.

Multinational chains enjoy the confidence and loyalty of local consumers which in turn encourages new entrants. Expansion for these chains has been stimulated by the quick expansion of shopping malls over the last 5 years. Currently, the most popular chains are McDoland's, KFC, Duncan Donuts, Nordsee, Burger King (since 2008), Starbucks (since 2008), Domino's pizza (since 2010), Subway, Fornetti, and Boopa's Hot Dog (since 2012). Most of these chains plan expansions in the number of outlets following their dynamic establishment and growth over the last 3-4 years. The expansion plans include not only new locations at newly opened shopping centers in bigger cities (Sofia, Plovidv, Varna) but also in smaller towns (Bourgas, Stara Sagora, Veliko Turnovo, Rasgrad, Rousse). Due to economic slowdown it is expected that this expansion will be at a slower pace in 2015-2018.

A. MARKET STRUCTURE

The diagram below indicates product flow in the HRI sector for the U.S. exporters.



HRI Sector and Retail Locations Development

Bulgaria had practically no modern retail or HRI industry before 2007. There were only five shopping malls in the country in 2007. Since then, however, the retail sector was the first to experience quick growth which also benefited foodservice players. These benefits were especially evident in 2013 and 2014 when revenues of foodservice outlets at retail locations outperformed the average for the industry (5% vs 1%).

The shopping malls expanded starting from just 85,000 sq.m. or gross leasable area (GLA) of 11 sq. m./1,000 inhabitants as compared to 200 sq. m average in the EU (2007). As of early 2015, there were 30 malls with 735 000 sq. m and GLA of 100 compared to the EU average of 270. This index, however, was unevenly developed nationwide with Bourgas, Stara Sagora, Ruse and Gabrovo GLA above the EU average; Sofia is on par with the EU average; and Plovdiv, Varna and Pleven behind. New construction and better supply led to lower rents from USD \$45/sq. m (2007) to USD \$25/sq. m (2014) at shopping malls. This created new opportunities for prime locations for the foodservice players. Quick service chains were the first to benefit, along with specialist coffee shops and even some full service restaurants (Happy Bar&Grill) and self-service cafeteria (BMS). Two newly opened malls in Sofia in late 2014 brought another 122, 000 sq. m which changed the average Bulgarian GLA from 100 to 114 and that of Sofia to 366. This is likely to lead to further decline in commercial rents at prime retail locations which will be an additional advantage for foodservice outlets compared to other alternatives.

Smoking Ban Effects

A comprehensive smoking indoor ban was introduced on June 1, 2012, after heated public debates. The ban was introduced for public places including work places, all HRI outlets, public transportation, cinemas, theaters, and other public places. The full ban was preceded by an introduction of smoking and non-smoking parts per an outlet. The ban was challenged by the HRI sector several times through massive campaigns as negatively affecting the sales and the number of clients since many Bulgarians are regular smokers.

The smoking ban had a strong early adverse impact on HRI industry due to such a high share of smokers, about 40% of population. Most affected were cafes, bars and full-service restaurants while quick service, self-service cafeteria, street kiosks and take away were not affected at all. In 2013 and 2014 the industry gradually adjusted by expanding outdoor seating and installing heating devices for cold weather. After the initial sharp drop of visits of smokers to foodservice outlets, the visits have been restored to a large degree in 2014 as the smokers adapted.

Service Quality

Bulgaria does not have long lasting traditions in high quality customer service and this is a prime challenge for the HRI sector. The quality of service in the HRI sector has been slowly but steadily improving over the last three years and as of today those who made persistent efforts to observe better service standards are more competitive on the market. International players lead the competition in this respect while local ones are trying to learn. Bulgarian consumers' behavior and tastes have become more sophisticated, demanding higher quality products and services.

HRI Performance 2014/2015 and Prospects for 2016

Economic limitations of disposable income and customer spending, unemployment and the smoking ban were the main drivers behind contraction of the HRI sector in 2014.

Café/bars were the best performers while self - service cafeterias faced the most considerable drop in sales. Full-service restaurants and quick service were in the middle. The full service restaurants were affected by consumers desire to limit spending for dining out due to freeze on incomes. Quick service suffered from increasing trends towards healthier and greener lifestyle of younger generation.

Full-service restaurants are expected to grow at a moderate rate at about 1% - 2% annually until 2018. The category will likely to benefit from more frequent visits of non-smokers and from a gradual rise in consumer spending due to an improving economy. The threats are related to the economic recovery (jobs and income) as well as from a fall of tourist flow. Exotic cuisine restaurants (Japanese, Thai, Indian etc.) are likely to succeed due to greater interest in more exotic cuisine.

Quick service restaurants are also expected to grow at a moderate rate of 1% - 2% annually until 2018. They will benefit from the rise in consumer spending due to improving better employment opportunities for younger people; and will likely respond positively to the health and environmental concerns.

The prospects for café/bars are very good and better than for the other categories. This is due to the absorption of the indoor smoking ban and more frequent visits by non-smokers, and due to a gradual growth in consumer spending. The weather factor will be increasingly important due to outdoor seating. Tourist flow can be also a key factor for those outlets located in resort areas.

The prospects for self-service cafeterias are for moderate growth until 2018. Independent operators will continue to dominate. The growth of the category will depend strongly on the economic recovery which will directly impact the size of the customer base of self-service cafeterias.

Street kiosks are likely to have a promising growth in the medium term. In addition to being traditional outlets and so are very popular, they can quickly adapt to new trends (healthier snacks) at very low cost and compete with quick service; can expand fast due to low capital needs to enter this business; may benefit from further economic recovery; and finally, will benefit from the expected higher spending of families with children and tourists.

The category of 100% home delivery is expected to generate good growth in the near/medium term. The growth is expected to come from non-pizza deliveries of exotic and health-oriented cuisine.

Competition

Product	Major Suppliers	Market Summary
Dried fruits and nuts	USA, Turkey, Israel, Iran	Lower prices from competitive countries. However, US products dominate in almonds and pistachios due to quality.
Dry legumes (peas, lentils and beans)	Kyrgyzstan, Ethiopia, China, Canada, Turkey, Argentina, USA	Bulgaria imports almost all dry legumes (beans, lentils, and peas). Competitors offer lower prices but US advantage is quality and variety.
Beef	France, Argentina, Uruguay, Australia, USA	Argentina and France remain the major suppliers. US beef steaks are less price competitive.
Fish and seafood	U.K., Norway, Spain, Denmark, Peru, Netherlands, USA	U.K. and Norway are price competitive and able to supply the fish and seafood varieties demanded by local consumers.
Sauces, salad dressings and seasonings	EU countries USA	Price competitive and no custom duties. The US is able to supply a variety of regional sauces.
Canned fruits and vegetables	West and Eastern Europe	Price competitive. No duties for EU imports.
Ready-to-eat meals	EU countries and China	Imports are at competitive prices.
Wine	Italy, Spain, Portugal and New World wines, USA.	Price competitive since no duties inside the EU. Quality creates opportunities for US wines.
Fruit juices	Greece, Brazil, Spain, Poland	Lower prices from the EU and Brazil. However, Florida juices have a good reputation.
Ethnic Foods	China, Japan, India,	Rising sales of Tex-Mex products. Opportunities exist for other US/regional cuisines, such as cajun.
Rice	Vietnam, Thailand, China,	Thailand, China and India offer quality and low price products. Biotech testing is a constraint.
Fresh fruits (including grapefruits & exotic fruits)	Turkey, Macedonia, Spain, Italy, Syria, Morocco, Israel, South Africa	Preference is given to EU suppliers and neighborhood countries due to special tariff rates.

SECTION IV. BEST PRODUCTS PROSPECTS

- Best opportunities for U.S. frozen foods in the HRI sector are for dried fruits and tree nuts; fish and seafood (salmon, heck, herring, lobster), beef meat, pulses (dried beans and lentils); snacks (breakfast cereals and popcorn); and frozen desserts (such as cakes and ice cream);
- Other opportunities for U.S. suppliers include: fruit juices and soft drinks (including flavored spring waters), fresh fruits including grapefruits and exotic fruits, ethnic products, soups, ready-to-eat meals and ethnic/regional sides or meals;
- There is also a demand for salad dressings, tomato sauces, and spices; specialty beer; and chocolate;

SECTION V. POST CONTACT AND FURTHER INFORMATION

Internet home pages of potential interest to U.S. food and beverage exporters are listed below:

FAS/Washington www.fas.usda.gov
U.S. Mission to the European Union <http://useu.usmission.gov/agri/usda.html>
European Importers Directory www.american-foods.org

If you have any questions or comments regarding this report, or need assistance exporting to Bulgaria, please contact the U.S. Agricultural Affairs Office in Sofia at:

Foreign Agricultural Service
U.S. Department of Agriculture
Embassy of the United States of America
16 Kozyak Str.
1408 Sofia, Bulgaria
Tel: (+359-2) 939-5774
Fax:(+359-2) 939-5744
e-mail: agsofia@fas.usda.gov
Web: <http://bulgaria.usembassy.gov/fas.html>

List of Bulgarian HRI Sector Associations

Bulgarian HoReCa National Association

www.xopeka.com
Address: 8, Sveta Sofia St., fl.2, Sofia 1000
Tel: ++359 (02) 9805248; 0889 203471
email: info@xopeka.com

Bulgarian Hotel and Restaurant Association

<http://www.bhra-bg.org/>
Address: 5 B Triaditza St., fl.1, Sofia 1000
Tel: ++359 2 987 65 86
email: bhra_office@abv.bg

Bulgarian Tourist Chamber

<http://www.btch.bg/>
Address: 8, Sveta Sofia St. Sofia 1000
Tel: +359 2 986 5133

Bulgarian Association of Professional Chefs

<http://www.bapc.bg/>
Address: 20, Hristo Belchev St., Sofia 1000
President: Andre Tokev
andre.tokev@bapc-bg.com
Vice President Ivan Manchev

ivan.manchev@bapc-bg.com

HRC Culinary Academy

<http://www.hrcacademy.com>

Sofia branch: 9 Petar Beron St, Sofia 1000, Bulgaria

Dobrich branch: 3 Bulgaria St, Dobrich 9300, Bulgaria

Tel: +359 (2) 426 02 58 / +359 884 037 049 / +359 (58) 601 611

Email: info@hrcacademy.com

National Hospitality Management Club

www.hotelier.bg

Address: 2, "Acad.Boris Stefanov" Str., office 4, Sofia 1700

Tel: (+359 2) 421 40 40

Fax: (+359 2) 422 41 41

Bulgarian Sommeliers and Wine Connoisseurs Association

<http://bgsommelier.com/>

Address: 54, Lyuben karavelov St. , Varna 9000

Tel: +359 (887) 626080

Fax: +359 (52) 610 307

email: office@bgsommelier.com

National Bartenders Training Center

<http://www.barmanager-bg.com/>

Address: 45, Strandja St, Varna

Tel: ++359 (0) 898 487 249

ANNEX

Table 6. HRI Sector – Independent Players Vs. Chained by Categories (Number of Outlets) in 2014

HRI Sector – Independent Players Vs. Chained by Categories (Number of Outlets) in 2014			
	Independent	Chained	Total
100% Home delivery and takeaway	61	6	67
Café/Bars	19,456	85	19,541
Full Service Restaurants	10,033	127	10,160
Fast Food	1,820	587	2,407
Self Service Cafeterias	200	27	227
Street kiosks	3,647	113	3,760
Pizza Foodservice	1,009	16	1,025
Total Consumer foodservice	35,217	945	36,162

Source: Euromonitor

Table 7. HRI Sector – Eat In Vs. Home Delivery in Percentage 2014

HRI Sector – Eat In Vs. Home Delivery in Percentage 2014			
	Eat in	Home delivery	Take away
100% Home delivery and takeaway		5	95
Café/Bars	91.1	-	8.9
Full Service Restaurants	83.2	10.5	6.3
Fast Food	65.1	4.3	30.6
Self Service Cafeterias	90.3	5.5	4.2
Street kiosks	-	-	100
Consumer Foodservice	81.0	5.3	13.7

Source: Euromonitor

Table 8. HRI Sector – Value Sales Foods vs Drinks by Categories in Percentage in 2014

HRI Sector – Value Sales Foods Vs Drinks by Categories in Percentage in 2014			
	Foods	Drinks	Total
100% Home delivery and takeaway	87.8	12.2	100.0
Café/Bars	6.5	93.5	100.0
Full Service Restaurants	33.8	66.2	100.0
Fast Food	69.2	30.8	100.0
Self Service Cafeterias	47.7	52.3	100.0
Street kiosks	39.7	60.3	100.0
Consumer Foodservice	28.7	71.3	100.0

Source: Euromonitor

Table 9. Full Service Restaurants (FSR) – 2011-2014 Development and Forecast 2015-2016 in Number of Outlets and Sales in Euro

Full Service Restaurants (FSR) – 2011-2014 Development and Forecast 2015-2016 in Number of Outlets and Sales in Euro						
	2011	2012	2013	2014	2015	2016
Asian FSR						
-Outlets	499	490	483	487	494	501
-Sales	52	51	47	48	49	51
European FSR						
-Outlets	8,749	8,756	8,748	8,774	8,807	8,814
-Sales	746	682	674	659	654	680
Latin American FSR						
-Outlets	37	35	34	35	36	38
-Sales	6	7	6	6	6	6
Middle Eastern FSR						
-Outlets	85	83	81	82	84	86
-Sales	11	11	10	10	11	12
Pizza FSR						
-Outlets	513	516	519	531	545	553

-Sales	76	75	67	68	72	74
Total FSR						
-Outlets	9,883	9,880	9,865	9,909	9,966	9,992
-Sales	890	824	804	791	793	823
<i>Source: Euromonitor</i>						

Table 10. Fast Food Restaurants (FFR) – 2011-2014 Development and Forecast 2015-2016 in Number of Outlets and Sales in Euro

Fast Food Restaurants (FFR) – 2011-2014 Development and Forecast 2015-2016 in Number of Outlets and Sales in Euro						
	2011	2012	2013	2014	2015	2016
Bakery products FFR						
-Outlets	1,182	1,006	956	949	982	1,015
-Sales	65	69	68	70	73	76
Burger FFR						
-Outlets	514	514	512	518	525	531
-Sales	89	93	80	83	85	87
Chicken FFR						
-Outlets	344	346	348	353	360	370
-Sales	33	35	38	40	41	43
Fish FFR						
-Outlets	3	3	3	3	3	4
-Sales	3	3	2	2	2	3
Ice Cream FFR						
-Outlets	122	107	105	108	111	114
-Sales	9	6	6	5	6	6
Middle Eastern FFR						
-Outlets	22	24	26	27	28	29
-Sales	8	10	13	13	13	14
Pizza FFR						
-Outlets	432	430	435	443	450	458
-Sales	17	18	19	20	20	21
Total FFR						
-Outlets	2,619	2,430	2,385	2,401	2,459	2,521
-Sales	223	232	226	234	240	249
<i>Source: Euromonitor</i>						

Table 11. Café/Bars – 2011-2014 Development and Forecast 2015-2016 in Number of Outlets and Sales in Euro

Café/Bars – 2011-2014 Development and Forecast 2015-2016 in Number of Outlets and Sales in Euro						
	2011	2012	2013	2014	2015	2016
Bars/pubs						

-Outlets	11,189	11,145	10,940	10,996	11,020	11,080
-Sales	548	525	521	513	508	530
Cafes						
-Outlets	8,627	8,544	8,490	8,493	8,513	8,527
-Sales	217	191	184	191	199	209
Juice/Smoothie bars						
-Outlets	35	40	40	45	45	50
-Sales	2	2	2	3	3	3
Specialist Coffee Shops						
-Outlets	53	52	55	55	60	64
-Sales	8	9	10	13	14	15
Total café/bars						
-Outlets	19,904	19,781	19,525	19,589	19,638	19,721
-Sales	780	730	720	720	723	757
<i>Source: Euromonitor</i>						

Table 12. Self-Service Cafeterias, Street Kiosks and 100% Home Delivery 2011-2014 Development and Forecast 2015-2016 in Number of Outlets and Sales in Euro

Self-Service Cafeterias, Street Kiosks and 100% Home Delivery 2011-2014 Development and Forecast 2015-2016 in Number of Outlets and Sales in Euro						
Self-Service Cafeterias						
	2011	2012	2013	2014	2015	2016
Self Service Cafeterias, total						
-Outlets	228	228	228	227	229	231
-Sales	50	48	44	45	46	46
Street Kiosks						
Street Kiosks, total						
-Outlets	3,670	3,656	3,643	3,584	3,567	3,551
-Sales	53	53	50	53	55	55
100% Home Delivery						
Pizza 100% home delivery						
-Outlets	37	37	31	34	39	43
-Sales	9	10	9	10	11	12
Other 100% home delivery						
-Outlets	25	26	28	32	36	39
-Sales	6	6	7	8	9	10
Total 100% home delivery						
-Outlets	62	63	59	66	75	82
-Sales	15	17	16	18	20	21
<i>Source: Euromonitor</i>						

End of Report

